



STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

Paul R. LePage
GOVERNOR

August 21, 2015

Mike Thibodeau, President
Justin Alfond, Minority Leader
Maine Senate
3 State House Station
Augusta, Maine 04333-0003

Mark Eves, Speaker
Kenneth Fredette, Minority Leader
Maine House of Representatives
2 State House Station
Augusta, Maine 04333-0002

Dear Legislative Leadership,

The announcement yesterday that Verso Paper Company will shut down two machines in Jay and lay off approximately 300 Mainers is extremely troubling and disappointing—but not surprising. I have said over and over during nearly five years as Governor that we must make Maine more competitive and that capital investment goes where it's welcomed and stays where it's appreciated. Every decision I make as Governor attempts to make Maine more competitive. Unfortunately, too many legislators can't say the same. Their strict adherence to the status quo will surely result in the loss of more jobs.

This latest example of the legislature's refusal to address two critical issues that led to Verso's decision—energy and taxes—has devastated 300 local families. Our Department of Labor is mobilizing efforts to do all we can for these hard-working Mainers and their families.

While global market conditions in the paper industry certainly played a part in Verso's decision, there are Maine-specific issues that we could have and should have addressed to mitigate these challenges. Quite simply, Maine's high energy costs contribute to making our state Verso's highest-cost location. When market conditions dictate an adjustment in assets and production, the highest-cost location is usually the first to go. That's Economics 101.

Although my call for action to lower energy costs has fallen on deaf ears in the legislature, we have been forging ahead. In partnership with four other New England states, my administration is working to facilitate additional energy infrastructure to expand natural gas and hydropower into the region. We have proposed significant energy legislation to modernize and lower the cost of impractical state policies that were put in place years ago. I invited Summit Natural Gas to invest in Maine.

We must get beyond partisanship and personal feelings and move ahead with truly transformative energy legislation that reduces costs for employers and encourages new job creators to come to Maine. We must also work to overhaul Maine's onerous and outdated tax structure, especially at the municipal level, where assessments like Verso's are often much



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higher than the property is actually worth.

In January I introduced a comprehensive budget that called for bold tax reform—something everyone agrees is long overdue. Unfortunately, the legislature defaulted to a “business as usual” approach and failed to address the core issue. Too many legislators are focused on the next election, not what’s best for the next generation.

Let’s cut the theatrics and work toward addressing the energy and tax issues that are driving away our businesses. We must act swiftly to avoid another announcement like Verso’s and to make our state competitive so we can attract business investment and the good jobs Mainers deserve.

I urge you to come out from under the dome, look at what is happening to hard-working Mainers in the real world and embrace the bold policies that will improve our state and provide the path to prosperity for the Maine people.

Sincerely,


Paul R. LePage
Governor